

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:474
ANSWERED ON:18.11.2016
Merger of Banks
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Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has permitted merger of some of the loss making Public Sector Banks with its associates;
- (b) if so, the details thereof;
- (c) whether some economists and experts in banking sector have urged the Government to privatise the loss making banks rather than their merger; and
- (d) if so, the details thereof and the reaction of the Government on such views?

Answer

The Minister of State in the Ministry of Finance

(a) to (d) : The guiding principle for the consolidation process of banking in India was suggested by Narasimham Committee. According to which any initiative with respect to merger of public sector banks has to come from the Boards of the banks concerned, the extant legal framework, keeping in view the synergies and benefits of merger and their commercial judgment. Government's / Reserve Bank of India's role in the merger of banks would be that of a facilitator.

The Cabinet in its meeting on dated 15th June 2016 has approved the proposal of acquisition of assets and liabilities of subsidiary banks i.e. State Bank of Bikaner & Jaipur, State Bank of Hyderabad, State Bank of Mysore, State Bank of Patiala, State Bank of Travancore and Bhartiya Mahila Bank (BMB).
